

Message Text

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ACTION ARA-10

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TAGS: EMIN, BEXP, BTIO, BL

SUBJECT: PROJECT STUDY TO LIFT NATIONAL MINERAL RESERVE ZONES

1. PRESENCIA AUGUST 3 QUOTES GOVERNMENT SOURCES TO EFFECT THAT MINMINES STUDYING PROJECT TO REVISE LAWS ON NATIONAL MINERAL RESERVE AREAS TO MAKE MINING INDUSTRY MORE DYNAMIC. AT PRESENT, ARTICLE STATED, ABOUT ONE-THIRD OF NATIONAL TERRITORY IS NATIONAL RESERVE ZONE. CONTEMPLATED NEW LAWS WOULD ALLOW OPERATION CONTRACTS, SIMILAR TO HYDROCARBON LAW, ENABLING PRIVATE COMPANIES TO MINE MINERAL DEPOSITS IN PRESENT NATIONAL RESERVE AREAS WITH GOVERNMENT PARTICIPATION IN INCOME AND PROFITS.

2. MEDIUM MINER SOURCES TOLD EMBOFF MINMINES THINKING OF CHARGING 5 PERCENT OF GROSS PRODUCTION VALUE PLUS UP TO 30 PERCENT NET PROFIT AS GOVERNMENT SHARE OF SUCH VENTURES. SAME SOURCES INDICATE ONLY GROUP HAVING RESERVATIONS AGAINST PROJECT IS SMALL MINER ASSOCIATION. MEDIUM MINERS BELIEVE PROJECT WILL BE IMPLEMENTED BEFORE END OF YEAR AND WILL INCLUDE REVOKING OF COMIBOL'S RESERVE AREA, WHICH COMPRISES FIVE KILOMETERS AROUND EACH OF COMIBOO MINES, AND WILL FREE HUGE ALLUVIAL GOLD AREA NORTH AND NORTHEAST OF LA PAZ. COMIBOL, HOWEVER, WILL HAVE PRIVILEGE TO RETAIN AREAS AROUND ITS MINES WHICH IT INTENDS TO WORK. ORIGINAL COMIBOL MINES NATIONALIZED 1952, MUTUN IRON MINERAL
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MOUNTAIN, SALT DEPOSITS IN SALAR DE UYUNI, AND OTHER STRATEGIC

MINERAL DEPOSITS WILL NOT BE INCLUDED.

3. COMMENT: IT APPEARS UNLIKELY THAT FIXED PERCENTAGE PARTICIPATION BY GOVERNMENT IN PROFITS AND FIVE PERCENT VALUE OF GROSS PRODUCTION AS INITIAL TAX WOULD BE APPLIED TO ALL MINERALS. MORE LIKELY GOB WILL HAVE TO ANALYZE MINIMUM-MAXIMUM GOVERNMENT PARTICIPATION ACCORDING TO MINERAL MINED AND ON MINING MARKETING COST BASIS. IN ANY EVENT, THE GOVERNMENT SEEMS LIKELY TO SET TAXES AT A LEVEL WHICH WILL MAKE MANY INVESTMENTS ATTRACTIVE TO FOREIGN COMPANIES.

PARKER

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